

complaint

Mr J complains that The Prudential Assurance Company Limited mis-sold him a Money Purchase Additional Voluntary Contributions (MPAVC) plan, when he thought he'd purchased added years in his employer's occupational pension scheme. .

background

Mr J met a representative from Prudential in November 1995. At the time he was employed as a Lecturer and was a member of the Universities Superannuation Scheme (USS). Following the meeting, Mr J started contributing £35.24 each month to the MPAVC plan (which was provided by Prudential).

Mr J has said that he thought he'd bought added years through Prudential. But he's recently discovered he's actually been contributing to the MPAVC plan instead.

Prudential said they were appointed by the USS to provide its members with an option to top up their pension fund by providing the MPAVC plan. They've also explained that as part of their contract they had to make members aware that there were other top-up options, such as purchasing added years. But Prudential says they were only able to provide information and weren't allowed to give advice on the added years option.

Our investigator reviewed Mr J's complaint and said they didn't think it should be upheld. He said he hadn't seen enough to show Mr J thought he was purchasing added years. And he thought the literature said the added years option could only be purchased through the USS.

Mr J didn't agree with the investigator so the matter has been passed to me for a final decision.

my findings

I've considered all the available evidence and arguments to decide what's fair and reasonable in the circumstances of this complaint.

Mr J joined the USS in 1986 and his intended retirement age is 65, which he'll reach in 2025. Assuming Mr J remains a member of the USS until he retires, he'll have 39 years pensionable service; one year short of the maximum benefit under the USS.

Mr J has explained that after he was promoted in 1995, he decided it was a good time to review his pension arrangements. He says he decided to purchase the additional year to ensure he received the maximum benefit from the USS when he retired. Mr J also felt the cost would be relatively low given his age and remaining length of service.

Mr J said he responded to internal notices within the University which said Prudential was the nominated financial provider. Because of this Mr J arranged a meeting with them as he had confidence the advice would be in his best interests. It was during this meeting Mr J was sold the AVC plan.

I've seen the questionnaire completed during the meeting which is signed by Mr J. This questionnaire makes Mr J aware the Prudential representative isn't qualified to give advice about any other company or product. The representative identifies there is a shortfall in Mr J's pension and because of this recommends he contributes 1.6% of his pensionable

earnings to the AVC. The form also says Mr J has received a separate document outlining the features, likely benefits and costs for the products he's agreed to be quoted for.

From looking at the questionnaire I don't think it says anything which would make Mr J think he was purchasing added years. However this isn't the only document from the time of sale. Another document I've seen is titled "Additional Voluntary Contributions for USS Members". On the first page of this document it explains that you can make AVC's within the USS in two ways. The first is the added years facility and second is the Prudential Additional Voluntary Contribution Facility.

Mr J said he arranged the meeting with Prudential after seeing internal notices. From the literature I've seen it's clear there are two ways to top up contributions, one is added years with the USS and the other is the MPAVC through Prudential. I think Mr J was aware of the two options as he said he arranged the meeting after seeing internal notices.

Looking at all the evidence, I think Prudential were clear they were only advising on their product and that if Mr J wanted to purchase added years then he would need to go directly to the USS rather than Prudential. Because of this, I don't think Prudential have done anything wrong.

my final decision

For the reasons set out above, I don't uphold this complaint.

Under the rules of the Financial Ombudsman Service, I'm required to ask Mr J to accept or reject my decision before 23 February 2018.

Alex Newman
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